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April 28, 2021

VIA ELECTRONIC MAIL AND DELAFILE

Mr. Matthew Hartigan
Acting Executive Director
Delaware Public Service Commission
861 Silver Lake Blvd., Suite 100
Dover, DE 19904

RE: *Thompson Schell, LLC v. Tidewater Utilities, Inc.*,
Docket No. 20-0434

Dear Mr. Hartigan:

The Delaware Division of the Public Advocate (“DPA”) joins in the Comments and Exceptions to the Hearing Examiner’s Proposed Findings and Recommendations filed on April 28, 2021 with one exception.

Should the Delaware Public Service Commission (“Commission”) adopt the Hearing Examiner’s findings and recommendations that the Water Services Agreement (“WSA”) does not obligate Thompson Schell, LLC to pay the income tax gross-up on the CIAC as required by Tidewater’s 2018 tariff amendment, then the DPA respectfully requests the Commission to reject the Hearing Examiner’s recommendation that Tidewater Utilities Inc. (“Tidewater”) be permitted to recover the taxes on CIAC from ratepayers. The reason that Regulation 15 was amended was because utilities were sticking their ratepayers with the income taxes associated with contributed property. Tidewater and Thompson Schell negotiated the Water Services Agreement; ratepayers had no representative at the negotiating table. Because the ratepayers had no control over the terms of the WSA, Tidewater’s shareholder should be required to bear the grossed-up income taxes.

Otherwise, the DPA adopts the arguments set forth in Tidewater’s exceptions regarding why Thompson Schell is contractually obligated to pay the income tax gross-up on the CIAC that was contributed after Tidewater’s tariff amendment became effective.

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Respectfully yours,

/s/ Regina A. Iorii

Regina A. Iorii

RAI/rai

cc: The Honorable Glenn C. Kenton (via electronic mail)
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